

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2219 - SB 2397

January 31, 2014

SUMMARY OF BILL: Authorizes the City of Fayetteville to levy a hotel occupancy tax, not to exceed five percent, subject to the adoption of an ordinance by a two-thirds vote of the municipal legislative body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – \$205,500/Permissive

Assumptions:

- According to the Department of Health, there are four hotels in Fayetteville, with a total of 207 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2012 hotel occupancy rate in Davidson County was 67.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2012 was 61.3 percent and was estimated to have been 62.2 percent in 2013. Estimate assumes the occupancy rate in Fayetteville is 64.0 percent.
- There will be approximately 48,355 nightly rentals (207 rooms x 365 days x 64.0% occupancy) each year in Fayetteville.
- The average hotel room rate is estimated to be \$85.
- It is assumed that the City of Fayetteville will impose a five percent hotel occupancy tax upon passage of this bill.
- The permissive recurring increase in local government revenue is estimated to be \$205,509 (48,355 x \$85 x 5.0%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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